

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 111 – SB 2057

March 16, 2011

SUMMARY OF BILL: Authorizes certain students who did not meet academic requirements for initial eligibility for the HOPE Scholarship to subsequently qualify for the scholarship if the student was admitted to and enrolled in an eligible postsecondary institution within 16 months of graduation from high school or obtaining a GED, and the student achieved all academic requirements necessary for retention of a HOPE scholarship.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$4,706,000/FY11-12/Lottery for Education Account
\$8,000,000/FY12-13 and Subsequent Years/Lottery for
Education Account**

Assumptions:

- This bill applies to students who entered school as freshmen for the 2010-2011 academic year, as well as students entering school as freshman in all subsequent years.
- First-time freshmen who pursued financial assistance for the 2010-11 academic year, but failed to qualify for the Hope Scholarship due to academic reasons, must complete 24 semester hours prior to having continuation requirements reviewed. The first academic year in which these students could become eligible for the HOPE Scholarship is academic year 2011-2012 (or FY11-12). As a result, there will be no fiscal impact in FY10-11.
- The Tennessee Student Assistance Corporation (TSAC) estimates that 685 students attending eligible four-year institutions, and 983 students attending eligible two-year institutions, will become eligible for the Hope Scholarship under this bill.
- Scholarship awards for students attending eligible four-year institutions are \$4,000 per year; scholarship awards for students attending eligible two-year institutions are \$2,000 per year.
- The increase in state expenditures from the Lottery for Education Account (LFEA) will be \$4,706,000 $[(685 \times \$4,000) + (983 \times \$2,000)]$ in FY11-12.
- TSAC estimates another 685 students attending eligible four-year institutions, and another 983 students attending eligible two-year institutions, will become eligible for the Hope Scholarship in FY12-13 and subsequent years.

- TSAC further indicates that 75 percent of the students attending eligible four-year institutions that became eligible for the Hope Scholarship in FY11-12 will retain their scholarships for FY12-13; and that 63 percent of the students attending eligible two-year institutions that became eligible for the Hope Scholarship in FY11-12 will retain their scholarships for FY12-13.
- The total number of students attending eligible four-year institutions that will be eligible for Hope Scholarships in FY12-13 and subsequent years will be 1,199 $[685 + (685 \times 75\%)]$; the total number of students attending eligible two-year institutions that will be eligible for Hope Scholarships in FY12-13 and subsequent years will be 1,602 $[983 + (983 \times 63\%)]$.
- The recurring increase in state expenditures from the LFEA will be \$8,000,000 $[(1,199 \times \$4,000) + (1,602 \times \$2,000)]$ for FY12-13 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc